

Mark A. Feller (SBN 319789)
mark.feller@morganlewis.com
MORGAN, LEWIS & BOCKIUS, LLP
 One Market, Spear Street Tower
 San Francisco, CA 94105-1596
 Tel: 415.442.1000

Melissa Hill (*pro hac vice*)
melissa.hill@morganlewis.com
MORGAN, LEWIS & BOCKIUS, LLP
 101 Park Avenue
 New York, NY 10178
 Tel: 212.309.6000

Sean K. McMahan (*pro hac vice*)
sean.mcmahan@morganlewis.com
MORGAN, LEWIS & BOCKIUS, LLP
 1717 Main Street, Suite 3200
 Dallas, TX 75201-7347
 Tel: 214.466.4000

Jared R. Killeen (*pro hac vice*)
jared.killeen@morganlewis.com
MORGAN, LEWIS & BOCKIUS, LLP
 2222 Market Street
 Philadelphia, PA 19103
 Tel: 215.963.5000

*Attorneys for Defendants X Corp., f/k/a
 Twitter, Inc.; X Holdings; Elon Musk; and
 Does*

**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA**

COURTNEY MCMILLIAN and RONALD
 COOPER,

Plaintiffs,

v.

X CORP., f/k/a/ TWITTER, INC.,
 X HOLDINGS, ELON MUSK, Does,

Defendants.

Case No. 3:23-cv-03461-TLT

**DEFENDANTS' OPPOSITION TO
 PLAINTIFFS' ADMINISTRATIVE
 MOTION SEEKING ADDITIONAL
 CORPORATE DISCLOSURES**

Judge: Trina L. Thompson
 Magistrate Judge: Robert M. Illman

1 **I. INTRODUCTION**

2 Plaintiffs' Administrative Motion (ECF 85, the "Motion") is nothing more than an artifice
3 to conduct irrelevant and harassing discovery regarding X Holdings Corp.'s ownership, even
4 though discovery is stayed. *See* ECF 77 (staying all discovery "because Defendants' motion [to
5 dismiss] is indeed potentially dispositive of the entire case"). This Court should not reward such
6 gamesmanship. Defendants' Rule 7.1 Corporate Disclosure Statement and Certification Pursuant
7 to Local Rule 3-15 (the "Disclosure") is compliant with both Federal Rule of Civil Procedure 7.1
8 and Civil Local Rule 3-15, and the Court should deny Plaintiffs' Motion.

9 **II. ARGUMENT**

10 **A. Respondents' Corporate Disclosure Statement Complies with Federal Rule of**
11 **Civil Procedure Rule 7.1 and Civil Local Rule 3-15.**

12 Rule 7.1 of the Federal Rules of Civil Procedure solicits "information [to] support properly
13 informed disqualification decisions" by the Court. F.R.C.P. 7.1, Committee Notes on Rules – 2002.
14 A corporate party must file a statement with the Court that "identif[ies] any parent corporation and
15 any publicly held corporation owning 10% or more of its stock" or "states that there is no such
16 corporation." F.R.C.P. 7.1(a)(1).¹ Pursuant to Rule 7.1, defendant X Corp., through its counsel,
17 certified that it is wholly owned by defendant X Holdings Corp., a privately held corporation.
18 Defendants further certified that no publicly held corporation owns 10% or more of X Corp.'s stock.
19 Finally, through counsel, Defendants certified that they were unaware of any conflict or interest
20 (other than the named parties) that necessitated reporting. Nothing more is required.

21 Plaintiffs do not argue that Defendants' Disclosure fails to comply with the Federal Rules
22 of Civil Procedure. Instead, Plaintiffs contend Defendants have not complied with the Court's Civil
23 Local Rule 3-15, which states that a corporate disclosure must disclose persons known to have "a
24 financial interest of any kind in the subject matter in controversy or in a party to the proceeding."

25 _____
26 ¹ Rule 7.1 does not require any further disclosures. Indeed, "[i]t has not been feasible to dictate
27 more detailed disclosure requirements in Rule 7.1(a)." *See* F.R.C.P. 7.1, Committee Notes on Rules
28 – 2002. Not only do "[u]nnecessary disclosure requirements place a burden on the parties and on
courts," but "[u]nnecessary disclosure of volumes of information may create a risk that a judge will
overlook the one bit of information that might require disqualification." *Id.* Further,
"[u]nnecessary disclosure . . . also may create a risk that unnecessary disqualifications will be
made." *Id.*

1 Civil L.R. 3-15(b)(2). Civil Local Rule 3-15 states in relevant part:

2 The Certification must also disclose any persons, associations of persons, firms,
3 partnerships, corporations (including, but not limited to, parent corporations), or any
4 other entities, other than the parties themselves, known by the party to have either:
5 (i) a financial interest of any kind in the subject matter in controversy or in a party
to the proceeding; or (ii) any other kind of interest that could be substantially
affected by the outcome of the proceeding.

6 Like Rule 7.1, Civil Local Rule 3-15 is intended to aid the Court in determining whether
7 any potential conflicts of interest exist that would lead the assigned Judge to recuse him- or herself.
8 See N.D. Cal. Civil L-R 3-15(b)(1) (“The Certification must disclose whether the party is aware of
9 any conflict, financial or otherwise, that the presiding judge may have with the parties to the
10 litigation.”). Defendants’ Disclosure permits this determination.

11 The single case that Plaintiffs cite is not to the contrary, and is distinguishable on its facts.
12 In *Stewart v. Screen Gems-EMI Music, Inc.*, No. 14-CV-04805-JSC, 2015 WL 13648928 (N.D.
13 Cal. Jan. 13, 2015), the defendants submitted a corporate disclosure statement that stated that the
14 “Defendants are all partially owned, *indirect subsidiaries* of Sony Corporation, a publicly-traded
15 company organized under the laws of Japan.” *Id.* at *1 (emphasis added). The plaintiff in *Stewart*
16 claimed the disclosure was inadequate because “it fail[ed] to disclose the Defendants’ parent
17 corporations or other corporations with a financial interest in Defendants.” *Id.* The plaintiff
18 specifically pointed to e-mails from defense counsel indicating that one of the defendants was
19 “wholly owned by another corporation,” which was “wholly owned by another corporation, and
20 that [the] chain of ownership continue[d] for several levels.” *Id.* The court found that “Civil Local
21 Rule 3-15 is clear: the disclosure must identify other entities that have ““a financial interest (of any
22 kind) . . . in a party to the proceeding[,],”” and that the defendants “admit[ted] that they did not do
23 so.” *Id.* Here, by contrast, Defendants have disclosed any and all relevant parent corporations.
24 Unlike the *Stewart* defendants, Defendants do not contend there are any “indirect subsidiaries,” but
25 rather that “X Corp. is wholly owned by X Holdings Corp” and that “[n]o publicly held corporation
26 owns 10% or more of X Corp.’s or X Holdings Corp.’s stock.” This statement complies with Civil
27 Local Rule 3-15.

28 Plaintiffs argue that because X Holdings Corp. is a defendant, its owners must have “a

1 financial interest” in the outcome of this lawsuit. Mot. at 3. But they fail to provide any basis for
 2 that claim. Plaintiffs have alleged only that X Holdings Corp. “facilitated the merger of X Corp.
 3 and Twitter” in 2022 (Am. Compl. ¶ 8), but offer zero well-pled allegations that X Holdings Corp.
 4 was in any way involved in making decisions about Twitter’s challenged severance practices, or
 5 that it was responsible for the alleged denial of “severance benefits,” or even that X Holdings Corp.
 6 has any employees. Indeed, Plaintiffs’ Motion asserts that *X Corp.*—not X Holdings Corp.—
 7 purportedly “owes hundreds of millions of dollars in severance benefits” to the putative class
 8 members. Mot. at 4. In short, Plaintiffs make no allegations that X Holdings Corp. owes anything,
 9 much less that its *owners* have any financial interest in the outcome of the litigation.

10 The Court should deny Plaintiffs’ demand that Defendants amend their Disclosure to
 11 identify any individual or entity with a “financial interest” in X Holding Corp. per Civil Local Rule
 12 3-15(b)(2). This Rule does not serve the interests of Plaintiffs or their counsel; it serves the Court
 13 and its interests in avoiding any conflicts of interest. Because Defendants have made disclosures
 14 that afford this Court the opportunity to assess whether any conflict of interests exists, it is apparent
 15 that Plaintiffs’ Motion is simply a tactical maneuver intended to harass Defendants and conduct
 16 impermissible discovery regarding X Holdings Corp., all while the Court has stayed discovery.

17 **III. CONCLUSION**

18 For the foregoing reasons, Defendants request that this Court deny Plaintiffs’ Motion for
 19 Administrative Relief.

20
 21 Dated: May 10, 2024

MORGAN, LEWIS & BOCKIUS LLP

22 By /s/ Melissa Hill

23 Melissa Hill (pro hac vice)
 24 Sean McMahan (pro hac vice)
 25 Jared R. Killeen (pro hac vice)
 26 Mark A. Feller

27 Attorneys for Defendants